

May 24, 2013

To: Executive Board

Subject: **April 2013 Financial Statements and Investment Summary**

Recommendation

Receive and file the April 2013 Financial Statements and Investment Summary.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the tenth month of the fiscal year ending June 30, 2013.

Foothill Transit's cash position of \$67.1 million is \$5.6 million more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include an increase of \$3.8 million in amounts due from other governments and an increase in accounts receivable of \$853,500. Sources of cash include an increase in deferred revenue of \$2.3 million, capital grants exceeding expenditures by \$3.0 million and an increase in accounts receivable of \$4.6 million.

April 2013 fare revenues were \$1.5 million, which is \$15,000 or 0.98 percent less than the monthly budgeted amount and \$12,900 more than the previous month. While Revenues are lower than the amounts budgeted and slightly more than the previous month, the year-to-date monthly average is slightly less (0.95 percent) than the previous year's monthly average. In part, the variation can be attributed to the timing of receipt of various fare revenues, such as the countywide EZ transit Pass. Overall, this is a continuation of the trend established in the prior fiscal year with revenues neither increasing nor decreasing. While increasing sales tax revenues appear to be a signal that the economy is beginning to show signs of improvement, unemployment remains constant at approximately eight percent.

Operating costs through April were \$52.0 million, which is \$6.1 million less than the budget. These costs are \$1.2 million or 2.5 percent more than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as of April 30, 2013 shows total assets at \$232.9 million. This total consists primarily of \$149.8 million in fixed assets and \$67.1 million in cash and investments. The cash and investments balance includes \$10.0 million invested in the

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Local Agency Investment Fund (LAIF); \$20.8 million in non-interest bearing accounts held with Bank of the West; \$22.1 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$3.0 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of April 2013 was 0.264 percent; slightly less than the previous month's rate of 0.285 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than four years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

Liabilities

The accounts payable balance is \$6.1 million. The amounts payable include; \$3.9 million due First Transit for April service, fuel costs of \$646,000; Monrovia Dial-A-Ride service of \$55,000 and \$90,800 due Metro.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

April 2013 fare revenues were \$1.5 million. As previously stated, the April revenues are \$12,900 more than the previous month. The year-to-date revenue amounts are tracking very closely with the budget: 0.70 percent less than the budget, and \$24,400 or 0.002 percent more than the previous year. The year-to-date monthly average revenue is 0.95 percent less than the previous fiscal year average.

Revenues are tracking very close to prior year amounts indicating stable ridership and an economy that is neither improving nor weakening. This may be the case even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$45.5 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 6.3 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

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Expenses

Year-to-date operating expenses through April 2013 were \$52.0 million, compared with the year-to-date budget of \$58.0 million. This difference of approximately \$6.0 million resulted in a 10.48 percent favorable variance. The majority of this favorable variance is the result of \$1.1 million in lower than budgeted service costs and fuel cost savings of \$3.2 million with the balance spread over several departments and not attributable to any one account. It should be noted that the April 2013 year-to-date expenses of \$52.0 million are \$1.2 million more than the prior fiscal year.

Farebox Recovery Ratio

The April year-to-date farebox recovery ratio was 28.69 percent; 1.93 percent more than the performance target of 26.76 percent. The farebox recovery ratio was derived by dividing the total fare revenue of \$14,917,802 (excluding the prior year EZ transit Pass revenue) by the total operating expense figure of \$51,989,688. This ratio has increased 0.01 percent from the March 2013 figure of 28.68 percent.

Sincerely,


Richard Hasenohrl
Director of Finance
Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of April 30, 2013

Assets

Current Assets:

Cash	\$ 43,008,486
Investments	24,075,106
Due from government agencies	10,772,215
Other receivables	3,020,687
Other assets	2,212,397
Total Current Assets	<u>83,088,891</u>
Property & Equipment (net of depreciation)	149,856,805
Total Assets	<u><u>\$ 232,945,696</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,078,048
Current portion of long term debt	0
Deferred Revenue	44,637,563
Total Liabilities	<u>50,715,611</u>

Equity

Fund Balance:	
Investment in Capital Assets	149,856,805
Current Year Change	7,823,272
Surplus	24,550,008
Total Equity	<u>182,230,085</u>
Total Liabilities and Equity	<u><u>\$ 232,945,696</u></u>

Summary of Cash and
Investment Account
For April 30, 2013

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	11,137,310	11,137,310
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	9,737,571	9,737,571
Bank of the West-Money Market	0.100%	Demand Deposit	7,010,123	7,010,123
Bank of the West-Money Market	0.050%	Demand Deposit	4,915,733	4,915,733
Bank of the West-Money Market	0.250%	Demand Deposit	9,550,799	9,550,799
Bank of the West-CTAF ³ Fund	0.100%	Demand Deposit	655,050	655,050
Bank of the West-Money Market	0.250%	Demand Deposit		
Subtotal Cash on Hand			<u>43,008,486</u>	<u>43,008,486</u>
Unrestricted Investments:				
Chase Business Saving	0.200%	Demand Deposit	5,046,296	5,046,296
Bank of the West-CDARS	Var	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	Var	Cert. of Deposit	2,988,000	2,988,000
Treasury Bills			1,997,978	1,997,978
LAIF Investment	0.381%	Demand Deposit	10,042,832	10,042,832
Subtotal Unrestricted Investments			<u>24,075,106</u>	<u>24,075,106</u>
Total Cash and Investments			<u><u>67,083,592</u></u>	<u><u>67,083,592</u></u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended April 30, 2013

	Actual Apr-13	Budget Apr -13	Variance Favorable (Unfavorable)	Actual Apr - 12
Operating Revenue				
Farebox	\$9,105,329	\$10,450,000	(12.87%)	\$9,404,899
Pass Sales	2,648,939	2,370,417	11.75%	2,641,527
TAP Cash Purse	1,860,142	1,268,500	46.64%	1,719,997
MetroLink & Access Service	379,055	23,667	1501.64%	63,841
EZ Transit Pass	1,274,256	1,262,083	0.96%	1,413,062
Total Operating Revenue	15,267,722	15,374,667	(0.70%)	15,243,326
Non-Operating Revenue				
Transportation Development Act (TDA)	14,534,416	14,378,833	1.08%	14,527,960
STA	5,413,413	3,383,417	60.00%	2,746,380
Prop A 40% Discretionary	10,855,226	10,855,250	(0.00%)	11,178,513
Prop A 40% BSCP	3,357,940	3,935,417	(14.67%)	3,163,990
Prop C BSIP	703,688	703,667	0.00%	688,944
Prop C Base Restructuring	1,511,448	1,511,417	0.00%	1,479,780
Prop C Transit Service Expansion	251,871	251,833	0.02%	246,593
Prop A & C Interest				
Transit Security-Operating	590,495	592,917	(0.41%)	514,720
Measure R Operating	6,571,924	5,902,083	11.35%	7,316,120
FTA Sec 5307 Operating				4,522,956
Gain on Sale of Fixed Assets	320,719			3,154
Auxiliary Revenue	1,363,088	1,250,000	9.05%	1,389,536
Total Non-Operating Revenue	45,474,227	42,764,834	6.34%	47,778,646
Total Revenue	60,741,948	58,139,501	4.48%	63,021,972
Available Capital Funding				
Capital Grants	12,093,487			15,482,481
Other				
Total Revenue and Capital Funding	72,835,435	58,139,501		78,504,453
OPERATING EXPENSES				
Operations	43,173,150	48,090,417	10.23%	42,714,237
Marketing and Communications	1,184,554	1,498,250	20.94%	1,095,226
Information Technology	1,392,254	1,338,250	(4.04%)	1,168,577
Administration	1,384,291	1,607,833	13.90%	1,141,521
Procurement	526,025	722,333	27.18%	704,794
Sales and Service	1,613,810	1,539,333	(4.84%)	1,439,351
Finance	1,082,817	1,086,000	0.29%	1,022,226
Safety and Security	516,612	788,250	34.46%	544,130
Planning	518,120	792,667	34.64%	413,898
Building Management	598,056	613,667	2.54%	501,545
Total Operating Expenses	51,989,688	58,077,000	10.48%	50,745,503
Capital and Other Expenses				
Capital	10,850,696		N/A	15,204,332
Interest			N/A	
Dial-A-Ride	530,399		N/A	596,940
Special Services	166,075		N/A	131,384
Other Misc. expense	17,002		N/A	99,694
Total Capital and Other Expenditures	11,564,172		N/A	16,032,350
Increase (Decrease) of Revenues Over Expenditures	\$ 9,281,575			\$ 11,726,601